

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY & EXHIBITS

OF

JAMES M. MCDANIEL

FEBRUARY 25, 2015



DOCKET NO. 2015-32-C

**Petition of the Office of Regulatory Staff for the Commission
to Order a Rule to Show Cause as to Why the Certificates of
Public Convenience and Necessity for Certain Providers of
Telecommunications Services Should Not Be Revoked**

DIRECT TESTIMONY OF

JAMES M. MCDANIEL

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2015-32-C

**IN RE: PETITION OF THE OFFICE OF REGULATORY STAFF FOR THE
COMMISSION TO ORDER A RULE TO SHOW CAUSE AS TO WHY THE
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR
CERTAIN PROVIDERS OF TELECOMMUNICATIONS SERVICES
SHOULD NOT BE REVOKED**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is James M. McDaniel. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Program Manager, in the Telecommunications Department of the South Carolina Office of Regulatory Staff ("ORS").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a B.S. Degree in Engineering from the University of South Carolina in December of 1975. I was employed by the Public Service Commission of South Carolina ("Commission") in February of 1976. I worked for over 28 years in the Commission's Utilities Department. I was employed by the Office of Regulatory Staff in September 2004 to work in the Telecommunications area. Most of my career has been devoted to the regulation of the telecommunications industry in South Carolina.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of this testimony is to present evidence that certain telecommunications carriers including payphone service providers subject to the Commission's jurisdiction have failed to comply with at least one of the following requirements: (1) file a 2014 Gross Receipts Report; (2) file a 2013 Annual Report; (3) file a 2014 Universal Service Fund ("USF") Contribution Worksheet ("USF Report"); or (4) make payments to the State Universal Service Fund. Carriers must comply with these and other requirements in order to maintain their certificate and authority to operate in South Carolina.

Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE A GROSS RECEIPTS REPORT?

A. Yes. Pursuant to S.C. Code Ann. Section 58-1-100, 58-3-540, 58-4-60 and 58-9-370 (Supp. 2014), telecommunications carriers, under the jurisdiction of the Commission, are assessed annually by the Department of Revenue based on their gross income from operations in South Carolina. Gross income is reported and submitted by each telecommunications carrier on the Gross Receipts Report.

Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE AN ANNUAL REPORT?

A. Yes. Pursuant to SC Code Ann. Section 58-9-370 (Supp. 2014), telecommunications carriers, under the jurisdiction of the Commission, are required to

file Annual Reports.

Q. ARE CARRIERS REQUIRED TO FILE A UNIVERSAL SERVICE FUND CONTRIBUTION WORKSHEET (“USF REPORT”)?

A. Yes. The Commission approved Universal Service Fund guidelines require each carrier to report on an annual basis the information necessary to allow ORS to calculate each company’s South Carolina USF support amount. The guidelines were approved in Commission Order No. 2001-996.

Q. ARE CARRIERS REQUIRED TO SUPPORT UNIVERSAL SERVICE?

A. Yes. All telecommunications carriers, as well as those wireless carriers certified by the Commission as Lifeline Eligible Telecommunications Carriers (“ETCs”) are required to support Universal Service and to contribute to the State Universal Service Fund established pursuant to SC Code Ann. Section 58-9-280 (E) (Supp. 2014).

Q. PLEASE EXPLAIN EXHIBIT A ATTACHED TO YOUR TESTIMONY.

A. Exhibit A lists those carriers that have failed to file a Gross Receipts Report as of February 24, 2015.

Q. PLEASE EXPLAIN EXHIBIT B ATTACHED TO YOUR TESTIMONY.

A. Exhibit B identifies those telecommunications carriers that have failed to file a 2013 Annual Report as of February 24, 2015.

Q. PLEASE EXPLAIN EXHIBIT C ATTACHED TO YOUR TESTIMONY.

A. Exhibit C identifies those telecommunications carriers that have failed to file a Universal Service Contribution Worksheet (“USF Report”) as of February 24, 2015.

Q. PLEASE EXPLAIN EXHIBIT D ATTACHED TO YOUR TESTIMONY.

1 A. Exhibit D lists those telecommunications carriers who have outstanding USF
2 payments significantly beyond a 90 day period as of February 24, 2015.

3 **Q. HAS ORS RECEIVED ANY RESPONSES FROM THE CARRIERS INITIALLY**
4 **NAMED IN THE RULE TO SHOW CAUSE PETITION?**

5 A. ORS has received responses from carriers since the filing of the Petition. To the
6 extent additional carriers continue to resolve their non-compliance issues before the
7 Commission's hearing in this matter, ORS will provide a revised Exhibit A, Exhibit B,
8 Exhibit C and Exhibit D to accurately reflect only those companies which remain out of
9 compliance at the time of the Commission hearing.

10 **Q. WHAT ACTION DOES ORS RECOMMEND THAT THE COMMISSION TAKE?**

11 A. ORS recommends that the Commission revoke the Certificates of Public
12 Convenience and Necessity for those carriers that have failed to file a Gross Receipts
13 Report, Annual Report, USF Report or failed to make required payments to the State
14 Universal Service Fund.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes, it does.

Docket No. 2015-32-C
Rule to Show Cause Telecommunications Carriers Non-Compliant with Gross Receipt Report 2014

February 24, 2015

#	Company Name	DBA	Certificate Type	Address	City	State	Zip	Docket #	Order #	Date Certified	Secretary of State Standing
1	Genesis Telecommunications Company, LLC		CLEC IXC	PO Box 675	Greenwood	SC	29648	2000-350-C	2000-873	10/27/2000	No results
2	Go-Solo Technologies, Inc.		IXC	5410 Mariner St, Ste 175	Tampa	FL	33609	2004-17-C	2004-427	9/9/2004	Forfeiture
3	Image Access, Inc.	New Phone	CLEC IXC	7324 Southwest Freeway, Ste 475	Houston	TX	77074	1999-269-C 2004-205-C	1999-762 2004-564	10/26/1999 11/12/2004	Good Standing
4	Network Billing Systems, Inc.		IXC	155 Willowbrook Blvd.	Wayne	NJ	07470	1998-478-C	1999-213	3/24/1999	Good Standing
5	TQC Communications Corporation		IXC	3000 Immokalee Road, Suite #1	Naples	FL	34110	2006-38-C	2006-304	5/26/2006	Good Standing
6	North Blvd. Shopping Center		PSP	1070 Blvd NE	Orangeburg	SC	29115	1985-150-C	1986-1119	10/29/1986	No results
7	Suntel		PSP	PO Box 397	Camden	SC	29020	1985-150-C	1990-509	5/9/1990	

Docket No. 2015-32-C

Rule to Show Cause- Telecommunications Carriers Non-Compliant with Annual Report 2013

February 24, 2015

#	Company Name	DBA	Certificate Type	Address	City	State	Zip	Docket #	Order #	Date Certified	Secretary of State Standing
1	Coast International, Inc.		IXC	14303 West 95th Street	Lenexa	KS	66215	1990-373-C	1990-1057	10/29/1990	Forfeiture
2	Genesis Telecommunications Company, LLC		CLEC IXC	PO Box 675	Greenwood	SC	29648	2000-350-C	2000-873	10/27/2000	No results
3	Go-Solo Technologies, Inc.		IXC	5410 Mariner St, Ste 175	Tampa	FL	33609	2004-17-C	2004-427	9/9/2004	Forfeiture
4	TQC Communications Corporation		IXC	3000 Immokalee Road, Suite #1	Naples	FL	34110	2006-38-C	2006-304	5/26/2006	Good Standing

Docket No. 2015-32-C

Rule to Show Cause Telecommunications Carriers Non-Compliant with USF Report 2014

February 24 2014

#	Company Name	DBA	Certificate Type	Address	City	State	Zip	Docket #	Order #	Date Certified	Secretary of State Standing
1	Genesis Telecommunications Company, LLC		CLEC IXC	PO Box 675	Greenwood	SC	29648	2000-350-C	2000-873	10/27/2000	No Results
2	Go-Solo Technologies, Inc.		IXC	5410 Mariner St, Ste 175	Tampa	FL	33609	2004-17-C	2004-427	9/9/2004	Forfeiture
3	TQC Communications Corporation		IXC	3000 Immokalee Road, Suite #1	Naples	FL	34110	2006-38-C	2006-304	5/26/2006	Good Standing

Docket No. 2015-32-C

Rule to Show Cause Telecommunications Carriers Non-Compliant with Support of State Universal Service Fund

February 24, 2015

#	Company Name	DBA	Certificate Type	Address	City	State	Zip	Docket #	Order #	Date Certified	Secretary of State Standing
1	ComTech21, LLC		CLEC IXC	1 Barnes Industrial Rd. S	Wallingford	CT	6492	2004-54-C	2004-312	38168	Good Standing
2	Genesis Telecommunications Company, LLC		CLEC IXC	PO Box 675	Greenwood	SC	29648	2000-350-C	2000-873	36826	No results
3	Image Access, Inc.	New Phone	CLEC IXC	c/o Dana Hoyle, Regulatory Consultant, 7324 Southwest Freeway, Suite 475	Houston	TX	77074	1999-269-C	1999-762	36459	Good Standing